

**Assembly Constitutional Amendment**

**No. 16**

**Introduced by Assembly Member Hancock**

April 24, 2003

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Assembly Constitutional Amendment No. 16—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending subdivision (a) of Section 2 of, and adding Section 2.5 to, Article XIII A thereof, relating to property taxation.

LEGISLATIVE COUNSEL'S DIGEST

ACA 16, as introduced, Hancock. Property taxation: assessment: nonresidential real property.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, “full cash value” is defined as the assessor’s valuation of real property as shown on the 1975–76 tax bill under “full cash value” or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred.

This measure would, commencing with the lien date for the 2005–06 fiscal year, specify that the “full cash value” of nonresidential real property that is not used for permanent or long-term commercial agricultural production is the fair market value of that property as of the lien date.

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

- 1 *Resolved by the Assembly, the Senate concurring, That the*
- 2 *Legislature of the State of California at its 2003–04 Regular*

1 Session commencing on the second day of December 2002,  
2 two-thirds of the membership of each house concurring, hereby  
3 proposes to the people of the State of California that the  
4 Constitution of the State be amended as follows:

5 First—That subdivision (a) of Section 2 of Article XIII A  
6 thereof is amended to read:

7 SEC. 2. (a) The “full cash value” means the county  
8 assessor’s valuation of real property as shown on the 1975–76 tax  
9 bill under “full cash value” or, thereafter, *except as otherwise*  
10 *provided in Section 2.5, the full cash value base of real property.*  
11 *For purposes of this section, the full cash value base of real*  
12 *property is the appraised value of real property when purchased,*  
13 *newly constructed, or a change in ownership has occurred after the*  
14 *1975 assessment. All real property not already assessed up to the*  
15 *1975–76 full cash value may be reassessed to reflect that valuation.*  
16 *For purposes of this section, “newly constructed” does not include*  
17 *real property that is reconstructed after a disaster, as declared by*  
18 *the Governor, where the fair market value of the real property, as*  
19 *reconstructed, is comparable to its fair market value prior to the*  
20 *disaster. Also, the term “newly constructed”—shall does not*  
21 *include the portion of reconstruction or improvement to a*  
22 *structure, constructed of unreinforced masonry bearing wall*  
23 *construction, necessary to comply with any local ordinance*  
24 *relating to seismic safety during the first 15 years following that*  
25 *reconstruction or improvement.*

26 However, the Legislature may provide that under appropriate  
27 circumstances and pursuant to definitions and procedures  
28 established by the Legislature, any person over the age of 55 years  
29 who resides in property that is eligible for the homeowner’s  
30 exemption under subdivision (k) of Section 3 of Article XIII and  
31 any implementing legislation may transfer the base year value of  
32 the property entitled to exemption, with the adjustments  
33 authorized by subdivision (b), to any replacement dwelling of  
34 equal or lesser value located within the same county and purchased  
35 or newly constructed by that person as his or her principal  
36 residence within two years of the sale of the original property. For  
37 purposes of this section, “any person over the age of 55 years”  
38 includes a married couple one member of which is over the age of  
39 55 years. For purposes of this section, “replacement dwelling”  
40 means a building, structure, or other shelter constituting a place of



1 abode, whether real property or personal property, and any land on  
2 which it may be situated. For purposes of this section, a  
3 two-dwelling unit shall be considered as two separate  
4 single-family dwellings. This paragraph shall apply to any  
5 replacement dwelling that was purchased or newly constructed on  
6 or after November 5, 1986.

7 In addition, the Legislature may authorize each county board of  
8 supervisors, after consultation with the local affected agencies  
9 within the county's boundaries, to adopt an ordinance making the  
10 provisions of this subdivision relating to transfer of base year value  
11 also applicable to situations in which the replacement dwellings  
12 are located in that county and the original properties are located in  
13 another county within this State. For purposes of this paragraph,  
14 "local affected agency" means any city, special district, school  
15 district, or community college district that receives an annual  
16 property tax revenue allocation. This paragraph shall apply to any  
17 replacement dwelling that was purchased or newly constructed on  
18 or after the date the county adopted the provisions of this  
19 subdivision relating to transfer of base year value, but shall not  
20 apply to any replacement dwelling that was purchased or newly  
21 constructed before November 9, 1988.

22 The Legislature may extend the provisions of this subdivision  
23 relating to the transfer of base year values from original properties  
24 to replacement dwellings of homeowners over the age of 55 years  
25 to severely disabled homeowners, but only with respect to those  
26 replacement dwellings purchased or newly constructed on or after  
27 the effective date of this paragraph.

28 Second—That Section 2.5 is added to Article XIII A thereof, to  
29 read:

30 SEC. 2.5. For the lien date for the 2005–06 fiscal year and  
31 each lien date thereafter, the "full cash value" of nonresidential  
32 real property, not used for permanent or long-term commercial  
33 agricultural production as defined in statute, is the fair market  
34 value of that property as of that date.

